

NEW HAMPSHIRE STATE LIQUOR COMMISSION

MINUTES OF MEETING – MARCH 30, 2005

PRESENT: Chairman Anthony Maiola and Commissioners John Byrne and Patricia Russell; John Bunnell, Administrator of Marketing & Sales; Craig Bulkley, Bureau Chief of Administrative Services; Aidan Moore, Chief of Enforcement; Howard Roundy, Director of Information Technology; Evie Taft, Human Resources Administrator; George Tsiopras, Chief Financial Officer; Nicole Brassard, Wine Marketing Specialist.
Guests: Michael Goclawski, Law Warehouse

EXCUSED: Peter Engel, Director of Store Operations; Richard Gerrish, Spirits Marketing Specialist.

I. FINANCIAL & ADMINISTRATIVE REPORTS

1. Financial Reports

A. Weekly, Y-T-D Sales Reports:

Weekly sales for the week ending 3/27/05 were up almost 24% or \$1,273,234, and also increased for the year by 6.41% or \$17,897,803. Craig noted that off-premise sales were up almost 63%. Wine sales compared to the same week last year increased by a little over 40%, which was attributed to the holiday.

B. Budget/Administrative Reports:

Craig said he hopes to have data regarding the SEA union proposal for the Commission by next Wednesday. He has received responses from the Bureau Chiefs, which he will discuss at next week's executive session.

There has been no action regarding legislative bills affecting the Commission, and no hearings scheduled.

There are presently three waivers over at Administrative Services for a Retail Store Manager II position and two Retail Store Clerk II positions.

The current W-6 Expense Budget Activity Variance Report shows the year to be at about 72.6% expired, with around 70.6% of the budget expended. A request was sent to Fiscal Committee to transfer appropriations, which will hopefully cover the Commission's actual deficit needs.

A summary report showing the purchase of three stores will be forwarded to the Commission today, including recommendations on how to properly organize the purchases. George will work with Peter Engel on this.

We are on track to achieve the \$8.4 million estimate for this month.

2) IT Report

The McAfee anti-virus provider has released a new version, which should be able to detect problems which occurred during January and February. Changes will be made to desktop computers within the next week or two.

The IT CIO directed representatives from agencies to come up with a list of IT projects for the rest of the year. Howard asked anyone who has any particular requests in this regard to let him know as soon as possible.

An RFP for an upgrade to Mapper and one for store maintenance will be going out before the end of next week.

3) Human Resources Report

There were four new worker's compensation claims filed during the month of March. However, one employee who has been out on compensation for many months will be returning to work next Monday on a part-time basis.

II. MARKETING & SALES REPORTS

1. Store Operations

Total store sales were up \$651,791.51 or 15.09%, which is reflective of the Easter holiday.

Nine training sessions geared to assistant managers and retail store clerks have been conducted within five days. Sessions will be conducted in Peterborough and Rochester today.

Work is progressing on the Keene store. The weekly meetings have been moved from Wednesdays to Friday mornings.

There was a meeting with Lottery representatives at which time they expressed their interest in having more tickets at the registers, and provided a base for the stores to try out.

Year-end inventory will be conducted in the stores over this weekend.

The maintenance crew is working on the Center Harbor location now. Conversations continue with the other party regarding a possible new location in Gilford. Employees are getting the product mix ready for the opening of the Seabrook Beach store at the beginning of April.

Contact continues with the landlord for the Berlin store, who is requiring the Commission to pay an extra \$68.00 per month or begin having deliveries come through the front door. Peter has requested a meeting with city officials before making any decisions. Commissioner Russell said she hoped the City Manager, Pat McQueen, could be of assistance in this situation.

Peter met with Laurie Ferguson, the new director of N.H. Stories. She would like to produce a coupon for a percentage off on their products.

Ron Patch would like to build a new store for the Commission in Glen. Research is being done on the contract aspect of this, and a move may not be possible until after late summer. However, the current landlord has no problems with the Commission remaining at the present location at this time.

Work on the plaza where Store #10 is located in Manchester has been delayed, due to some problems which have been incurred. It will now be late summer before moving into the new location will take place.

2. Purchasing Report: No report presented.

3. Merchandising Report

A. SPIRITS:

1) Memorial Day Sale:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve sixty (60) spirit items, including revisions for six (6) of these products, to be featured during the Memorial Day Sales, scheduled for the period Thursday, May 19 through Monday, May 30, 2005, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

2) Summer 2005 Programs:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve nine (9) programs submitted from local brokers to be considered for floor displays during June, July and August 2005, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

3) Test Market Products:

- a. Test Market Request (Marie Brizard Manzanita Liqueur):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from United Beverages, Inc./Mohawk Distilled Spirits for a new test market product listing for Marie Brizard Manzanita Liqueur, 750ML size (assigned new Code #5591), as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- b. Test Market Request (Bacardi Rum Runner):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from Horizon Beverage Company/Bacardi USA for a new test market product listing for Bacardi Rum Runner, 1.75L size (assigned new Code #5214), as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- c. Test Market Results (Codes #5581 and #5320):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a specialty listing for Code #5581, Petrone Grappa Classica, 750ML size, as this item achieved the gross profit required for specialty item consideration at the conclusion of a six-month test market period, and delist Code #5320, Petrone Sambuca Domitia, 750ML size, which failed to achieve the gross profits required for both full distribution and specialty item consideration at the conclusion of a six-month test market period, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- 4) One Time Buy Request (George T. Stagg Bourbon):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve an offer from United Beverages, Inc./Sazerac Company, Inc. for the Commission to make a one-time purchase of Code #2966, George T. Stagg Bourbon, 750ML size, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

5) Full Distribution Request (Woodford Reserve Bourbon):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from Horizon Beverage Company/ Brown-Forman Corporation to expand Code #1220, Woodford Reserve Bourbon, 750ML size, from its current specialty status to full distribution, as this item has exceeded the gross profit requirements for full distribution, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

6) June Special Offers (2 items – Perfecta Wine Company):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a special offer from Perfecta Wine Company, based upon a special purchase allowance for one (1) spirit item, to be featured on sale during June 2005, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales, but table a second submitted special offer pending further negotiations with the broker. The motion was unanimously adopted.

B. WINES:

Nicole reported that attendance at the YMCA wine tasting held at Jefferson Pilot was rather low, with a sale of under 100 tickets, which could be attributed to the price. However, it was a very nice event which the Governor attended for about 20 minutes.

Jeff Kunde has requested that the time for his bottle signing be moved up a little, as he needs to leave town earlier than expected on Friday. Nicole will inform the stores of this change.

1) Special Offers:

a. 6 items – Memorial Day Sale:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from Horizon Beverage Company, based upon depletions for six (6) wine items, to be featured on sale during the Memorial Day Sale, scheduled for Thursday, May 19 through Monday, May 30, 2005, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

b. 1 item – Memorial Day Sale:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a special offer from United Beverages, Inc., based upon depletions for one (1) wine item, to be featured on sale during the Memorial Day Sale, scheduled for Thursday, May 19 through Monday, May 30, 2005, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- c. 1 item – Martignetti Companies of N.H. (May & June):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a special offer from Martignetti Companies of N.H., based upon depletions for one (1) wine item, to be featured on sale during May and June 2005, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- 2) Solaris Special Purchase & Introduction Offer:

Due to withdrawal of this offer by the broker, United Beverages, Inc., no action on this item was required.

- 3) Chateau Fuisse & Moreau Burgundy Offer:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve an offer from United Beverages, Inc./Frederick Wildman & Sons to order Chateau Fuisse and Domaine Christian Moreau 2003 burgundies, to arrive in late 2005 or early 2006, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- 4) Close Out (1 item – Perfecta Wine Company):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a price reduction for close out on one (1) Perfecta Wine Company wine item, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- 5) Recommended for Test (3 items):

It was moved by Commissioner Bunnell, seconded by Commissioner Russell, that three (3) wine items recommended for test by Nicole Brassard, concurred by John Bunnell, Administrator of Marketing & Sales, be tabled pending further discussion. The motion was unanimously adopted.

6) Not Recommended – Wine Specialty (11 items):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission deny the listing of eleven (11) wine codes as wine specialty items, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

7) Recommended Allocated Wines for Distribution to Selected Stores:

a. 6 items:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve six (6) allocated wine codes to be distributed to selected stores, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

b. 5 items:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve five (5) allocated wine codes to be distributed to selected stores, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

8) “R” Wines for Allocation to Licensees Selected by the Broker:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve two (2) restricted wine codes for allocation to licensees selected by the broker, and retail distribution, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

9) Primary Source Submissions (1 primary source; 4 exclusive agent; 6 imported):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve the listing of one (1) wine code from primary source, four (4) wine codes which are offered by the exclusive marketing agent, and six (6) wine codes which are imported, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

III. ENFORCEMENT & LICENSING REPORT – No report presented.

IV. CHAIRMAN'S REPORT & LATE ITEMS

1. Bailment Requests:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve all previously reviewed requests for bailment releases/transfers dated March 24 through March 30, 2004. The motion was unanimously adopted.

2. Coupon Approvals:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve all previously reviewed coupon (pad, necker and consumer offer) requests for the month of April 2005. The motion was unanimously adopted.

3. Late Items: None.

Anthony C. Maiola, Chairman

John W. Byrne, Commissioner

Patricia T. Russell, Commissioner

/D. Hartford